

SENATE—Thursday, July 26, 2001

The Senate met at 12 noon and was called to order by the Presiding Officer, the Honorable JON S. CORZINE, a Senator from the State of New Jersey.

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Almighty God, the afternoon and evening ahead are filled with challenges and decisions. In the quiet of this creative moment of conversation with You, we dedicate these hours. We want to live them for Your glory. We praise You that You give strength and power to the Senators when they seek You above anything else. You guide the humble and teach them Your way. Speak to the Senators so that they may speak both in the tenor of Your truth and the tone of Your grace. Make them maximum by Your spirit for the demanding responsibilities and relationships of this day. And now we pray Your historic, Biblical blessing on every Senator. "The Lord bless You and keep You; the Lord make His face to shine upon You and be gracious to You; the Lord lift up His countenance upon You and give You peace." Amen.

PLEDGE OF ALLEGIANCE

The Honorable JON S. CORZINE led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. BYRD).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, July 26, 2001.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JON S. CORZINE, a Senator from the State of New Jersey, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. CORZINE thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Senator from Nevada.

ORDER OF PROCEDURE

Mr. REID. Mr. President, I ask unanimous consent that the previously scheduled cloture vote on the Murray-Shelby substitute amendment occur at 2 p.m. today and that the time from noon until 2 p.m. be divided as previously ordered—that is, equally between the two sides—and that it be in order for Senators to utilize some of the available time to speak as in morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. REID. Mr. President, I further ask unanimous consent that the last 10 minutes of the debate, the time from 1:50 until 2 p.m., be divided between the two leaders or their designees, with Senator DASCHLE controlling the last 5 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. REID. Mr. President, I further ask unanimous consent that Senators have until 1:30 p.m. today—that is, from the previously scheduled 12:30 p.m. today—to file second-degree amendments to the pending legislation.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SCHEDULE

Mr. REID. Mr. President, for the benefit of Senators, we felt it was imperative—and we are grateful there has been agreement between the two leaders—that this time be changed. There is a ceremony taking place in the Capitol today dealing with the Code Talkers, these very courageous Navajos who contributed so much to our success during World War II. So today there will be 2 hours of debate equally divided between Senators DASCHLE and LOTT or their designees prior to 2 p.m. A cloture vote on the substitute amendment to the Transportation act will occur at 2 p.m. We expect to remain on the Transportation act until we complete that. There will be rollcall votes throughout the day today, and there is much more work to do.

We hope we can recess for the August time period next Friday, and there is a lot of work to do from now until then.

We hope everyone will cooperate and allow us to move forward as quickly as possible.

The ACTING PRESIDENT pro tempore. The Senator from Missouri.

Mrs. CARNAHAN. Mr. President, I yield myself such time as I may consume from the time allotted to the majority leader or his designee in order to speak in morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(The remarks of Mrs. CARNAHAN pertaining to the introduction of S. 1250 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The ACTING PRESIDENT pro tempore. The Senator from Iowa is recognized.

Mr. GRASSLEY. We are in morning business, is that right?

The ACTING PRESIDENT pro tempore. The Senator is correct.

TAX RELIEF FOR WORKING FAMILIES—PART II

Mr. GRASSLEY. Mr. President, I rise to speak on the tax relief for working families that the Senate passed a few weeks ago and was signed into law by President Bush.

This is the second in a series of speeches I am giving to highlight the details of this bipartisan tax cut that provided significant relief to millions of Americans.

In today's speech I want to focus on the many provisions in the bipartisan bill that provide tax relief for working families and particularly families with children.

First, I wish to discuss the efforts to address the marriage penalty that existed throughout the structure of the income tax. For far too many years, the Tax Code penalized working families where both the husband and wife work. It is simply wrong that we had a Tax Code that penalized marriage.

The bipartisan tax cut completely ends the marriage penalty for many low- and middle-income families and makes significant strides in reducing the marriage penalty for all other families.

This is accomplished through two actions. First, the bill provides that the standard deduction for those who are married filing jointly will be set at two times the rate of a single individual.

For example, when everyone filed their tax returns this last April 15, the standard deduction for singles was \$4,400. However, the standard deduction for married filing jointly was only

\$7,350. If the new tax law had been fully enacted for tax year 2000, the standard deduction for married filing jointly would have been \$8,800.

The second step we took was for the 10 percent and 15 percent marginal rate brackets for married filing jointly to be set at two times the rate of a single individual.

Again, to illustrate. If the first \$6,000 of a single individual is taxed at 10 percent, then the first \$12,000 of a married individual filing jointly will be taxed at 10 percent.

These two efforts will provide complete elimination of the marriage penalty for low- and many middle-income working families and will also benefit married couples with higher incomes.

Keep in mind, Mr. President, almost one-half of married couples take the standard deduction. These couples tend to be in the lower income brackets and they will get relief upfront.

The doubling of the 10 percent marginal rate bracket is done immediately. The remainder of marriage penalty relief is phased in over several years. The increase in the standard deduction is phased in over a 5-year period beginning in 2005 and the doubling of the 15 percent rate bracket also is phased in over a 4-year period.

Many Senators were active in providing marriage penalty relief, but certainly Senator HUTCHISON of Texas was a leader in this issue.

Mr. President, let me take a moment to address the point some pundits have made about the fact that some of the marriage penalty relief provisions, as well as other provisions in the bill, are phased in. The requirement of phases simply reflects the reality of the guidance we were provided by the budget resolution.

The budget resolution effectively requires us to phase in these, and other, provisions in the bipartisan tax bill. The budget resolution allows for more tax cuts over time as the economy grows and we see greater surpluses year-by-year.

The last piece of the bill that addresses marriage penalty is an expansion of the earned income credit, EIC, for married families with children. The EIC provides a cash payment to low-income working families. EIC is targeted particularly to help working families with children.

The EIC provision in the tax bill extends out the point at which the EIC begins to phase out for married families with children by \$1,000 in 2002 increased to \$3,000 by 2008. For example, this year, the EIC begins to phase out for married families with two children at roughly \$13,000 of income. Under the new law, next year, the phase out for EIC will be approximately \$14,000.

The EIC program directly benefits working families with children and this expansion sends a strong message to

married couples that hard work will be rewarded under the tax code.

The extension of the EIC is certainly a tribute to Senator JEFFORDS' hard work.

All told, approximately \$60 billion in tax reductions and outlays were devoted to addressing the marriage penalty. This bipartisan legislation provides marriage penalty relief to every family that pays income tax. In addition, millions of families who pay only payroll taxes, receive marriage penalty relief.

This is the most significant marriage penalty relief in over 30 years. And I would say 30 years is a long time. Finally, we're recognizing the value of marriage and stable families.

Mr. President, I have outlined the efforts to address marriage penalty in the bipartisan tax bill, and as you can see these provisions are strongly geared toward providing relief for low- and middle-income married couples.

Let me turn now, to another provision, the expansion of the child credit. The increase of the child credit will be a major benefit to the lives of millions of children in this country.

Under prior law, the child credit is \$500 and only available to families that pay income tax. Further, this child credit phases out for single parents with income over \$75,000 and \$110,000 for married individuals filing jointly.

The bipartisan tax relief bill increases the child credit to \$600 immediately, and over time increases it to \$1,000.

The bill protects middle income families from being hit by the alternative minimum tax, AMT, because of the child credit by making the child credit allowable against AMT. This provision helps ensure that middle-income families will realize the full benefit of the child credit. The AMT relief for middle-income families is due to Senator LINCOLN's strong advocacy.

In addition to increasing the child credit, the tax relief bill provides that millions of low-income children who previously did not benefit from the child credit because their parents did not have sufficient taxable income will now also benefit from the child credit. The bipartisan tax relief bill makes the child credit refundable for 16 million kids.

This expansion of the child credit program to low-income families happens immediately. I would say that this is a hallmark of the bill, that we sought to have provisions that help low- and middle-income families take place as soon as possible.

The refundable child credit provides that for every \$1,000 above \$10,000 that a family with a child makes, they will get \$100 in child credit, up to the maximum amount of the child credit. In essence, a bonus of 10 percent for every dollar the working family makes over \$10,000. For example, a single mother with one child making \$16,000 will now

get a check for \$600. This is over and above the amount that single mother would receive from EIC. Thus, this single mother will pay no income taxes and will receive EIC as well as an additional \$600.

Mr. President, let me make that clear: Last year, that single mom did not get one dime of child credit, this year because of this legislation that working mother will get a check for \$600.

How many times have we heard complaints from the harsh critics of this legislation that it does nothing for those who pay only the payroll tax. That is just plain wrong. Under this legislation, the working mom, who pays no income tax receives a refund for this year of \$600. Now, it doesn't come in the checks, but she gets it through an even bigger paycheck.

Let's take a look at another example: Under this example, a married couple with two children making \$20,000 will now get \$1000 from the new expanded child credit and will also benefit from the expansion of the EIC for married couples with children. Again, that is \$1000 that family did not receive last year and now will receive because of the bipartisan tax cut.

Even better news for these families, the ten percent rate of payment for the child credit will increase from 10 percent to 15 percent in 2005. For example, the single mother I cited above, would get a 15-percent bonus for every dollar above \$10,000 and given that the child credit will be increased to \$700 in 2005, that single mother will receive the entire \$700 child credit.

It is estimated that 16 million children from low-income working families will benefit from this expansion of the child credit. We have a lot of complaints from the critics of this legislation that low-income kids are left out. Nothing could be further from the truth. Let me report 16 million children benefit right away from this bipartisan legislation.

There is no question that the expansion of the child credit and EIC is a tremendous benefit to millions of working families. Approximately \$170 billion of the bipartisan tax relief bill is dedicated to the child tax credit.

It is particularly vital that we make sure that hardworking families that pay no income tax are made aware of these new benefits that are available to them. It is also important that these families hear an important message of this bill: work pays.

We have sent out a notice to millions of Americans who pay income tax telling them the check is in the mail. However, we haven't informed the millions of American families with children who work full-time, but do not pay income tax, about the enormous benefits this tax relief bill has for their families.

I intend to write Secretary Thompson of HHS and Secretary O'Neill of

Treasury encouraging them to seek avenues that will educate and inform working Americans about these new provisions that put real money in the pockets of working families. I am particularly concerned that there be outreach to the millions of new Americans that speak Spanish, Vietnamese, Russian, and dozens of other tongues.

There is no doubt in my mind that this outreach to inform low-income families about the new child credit and expanded EIC is necessary. For clearly, anyone reading the *New York Times* or the *Washington Post* would have very little idea that the Congress passed, and President Bush signed into law, legislation that provides such great benefits to low-income families.

For example, the *Washington Post* on June 24, 2001, provided a summary of the tax provisions giving examples of the tax relief for different families at different incomes. Every example starts at \$25,000 or higher.

Not a single example is given of the benefits of this legislation for a mother making say \$14,000, \$16,000, or \$18,000. Nor is there a single example of the benefits for a married couple with two children that is making \$17,000, \$25,000, or \$30,000.

I am stunned that these newspapers, that claim to be champions of working families, would completely ignore these major new benefits. Maybe the simple truth is they're a little embarrassed to admit that this bipartisan tax relief bill signed by President Bush actually does a great deal to help millions of working families that struggle to escape poverty.

So clearly there is a need to educate and inform because the newspaper editors are deciding that "all the news that's fit to print" is only news of interest to their middle-income and high-income readers and not their low-income readers.

Let me also add, that when we come to revisit welfare reform, I think it is important to bear in mind the billions of dollars that have been provided in this bill to encourage struggling families to enter the workforce or expand the number of hours they work. Too often, we get focused on the welfare-specific provisions and completely forget or ignore the major efforts to encourage work that are contained in the Tax Code.

Mr. President, that highlights the significant efforts the tax bill had to expand and increase the child credit. While many Senators were advocates of increasing the already existing child credit, and several Senators supported expanding the child credit and making it refundable—there is no question that Senator SNOWE was the key to making it a reality.

Now, I would like to discuss the provisions in the bipartisan tax bill to help working families meet the costs of child care.

The tax bill helps with the costs of child care in two provisions. First, the tax relief bill provides greater incentives for employer-provided child care with the creation of a tax credit for employer-provided child care facilities.

The tax relief act provides taxpayers a tax credit equal to 25 percent of qualified expenses for employer-provided child care and 10 percent of qualified expenses for child care resource and referral services. The maximum credit is \$150,000 per year. This is \$1.4 billion in tax incentives to encourage businesses to assist in providing child care for their workers.

This new tax initiative will help mothers and fathers to obtain child care—and hopefully child care near their place of work which will allow them the opportunity to spend more time with their children. Senator KOHL has long advocated this proposal and deserves great credit for making this part of the Tax Code.

The second provision regarding child care expands the already existing dependent care tax credit. This is a tax credit that particularly helps low- and middle-income families who pay for child care for their young children.

Thanks to Senator JEFFORDS' work, the bipartisan tax bill expands this program and will allow low and middle income families to take as a tax credit more of their costs of child care. The tax bill provides nearly \$3 billion in additional tax relief for working families struggling to meet the costs of having their children in day care.

Thus, the bipartisan tax bill helps working mothers and fathers by encouraging employers to provide child care and also easing the cost burden of child care.

Let me turn now to the final provision I wish to discuss today in this speech that focuses on the provisions in the bipartisan tax relief bill that help working families and children. That provision is the expansion of the adoption tax credit.

I have long been a strong advocate of encouraging adoptions and know it brings joy to the children and the families. I am very pleased that the tax bill provides significant encouragement for families to adopt and reduces the costs of adopting parents.

Prior law provided for a \$5,000 tax credit for qualified adoption expenses paid or incurred by a taxpayer in making an adoption. That amount was \$6,000 for a special needs child. This full tax credit amount started to phaseout for taxpayers with modified adjusted gross income of over \$75,000.

I am very pleased that the bipartisan legislation signed by President Bush increases the tax credit up to \$10,000 for qualified adoption expenses and \$10,000 for special needs children, regardless of whether there are qualified adoption expenses.

In addition, the new tax law expands the number of families eligible to take

advantage of the adoption tax credit by having the credit begin to phaseout at \$150,000 modified adjusted gross income.

This is a major expansion of the adoption tax credit and provides over \$3 billion in tax incentives for families to adopt. Senators CRAIG and LANDRIEU are to be commended for their efforts in this matter.

Mr. President, that concludes my comments today on the tax relief act. As is plainly true, the tax relief accomplishes President Bush's goal of giving back the people's money. What is also plain and true is that a great deal of the tax relief is focused on helping working families with children.

I know many in the Capitol are very upset about the bipartisan tax bill because the tax relief means less money for them to spend. Incredibly, the Democratic leader in the other body has called for a tax increase.

But let me assure my colleagues, we do far better by allowing working families to keep more of their hard-earned money.

The benefits of the tax relief bill will be realized in millions of small, unseen, quiet acts and decisions that don't make the evening news and unfortunately for the politicians, don't involve cutting ribbons and making speeches.

I see working families now, because of the bipartisan tax bill, having more money in their pocket and being able to finally do the things they've planned or hoped for: be it buying a computer for their children; moving to a bigger apartment in a neighborhood with better schools; or purchasing healthier food for the dinner table.

These are just a few examples of the multitude of priorities that only the families can best decide—and not the bureaucrats in Washington.

It is my belief that with families getting to keep more of their hard-earned paycheck—the quiet talks at the kitchen table, after the children have been put to bed, will be more about opportunities and possibilities rather than fears and concerns.

Mr. President, I hope this speech will make those who have recently called for a tax increase to think again. My hope is that they may now better appreciate the enormous benefits of this legislation and think long and hard before they try to undermine its accomplishments.

The ACTING PRESIDENT pro tempore. The Senator from Montana.

MEXICAN TRUCKS

Mr. BAUCUS. Mr. President, I rise today to discuss the issue of Mexican trucks.

I want to applaud Senator MURRAY and Senator SHELBY for their efforts to craft a common-sense solution on this issue. Their provision would ensure strong safety requirements and would